

MANAGING YOUR FINANCES

The following is a summary of a Bible study given by Ross Beath

Directly after marriage problems, financial problems are the next most dominant problem in God's church today. Handling money correctly is something I think is very important in teaching children. It is very important for anyone considering marriage that they look for someone who shows a pattern of handling money correctly and more importantly for them to know how to manage their finances. If you haven't developed or are interested in a person who hasn't developed the ability to handle their money correctly, you're looking for a marriage with trouble.

Many, many people are up to their necks in debt. We live in a society that wants to have everything now and I think it is important that we learn to crawl before we can walk. The big problem in our western world today with so much glittery advertising is buy now, pay later. In Proverbs 21:17 we read: "He that loves pleasure will be a poor man and he that loves wine and oil will not be rich."

It is possible to blow your money very quickly. When a person even with a high income has the wrong financial foundation of consistently spending money on material goods and entertainment without restraint that person will never be rich. Somewhere the cycle has got to stop.

If you're 18 years old and I gave you a million dollars and if you're foundation was of seeking of pleasure and fun without restraint you could blow that money in record time and have nothing to show for it while someone with \$1000 could do a lot more with it. In Proverbs 23:4-5 we read: "Labour not to be rich, cease from your own understanding. Will you set your eyes on that which is not, for riches certainly make themselves wings. They fly away like an eagle toward heaven." Riches are transient. They don't deliver. Someone who is tight-lipped with their money on the other hand saving as much as they can and being stingy will not be happy either. Riches are not the most important thing in life. They don't satisfy. Labour for the right reasons. Labour to have something to give and use the resources to enjoy life properly. I'd like to now give a number of points that will help us be financial winners.

1) Tithing is the first law of financial success. In Malachi 3:8-10 we read: "Will a man rob God? Yet you have robbed me. You say wherein have we robbed you? In tithes and offerings. You are cursed with a curse even this whole nation. Bring you all the tithes into the storehouse that there may be meat in my house." God as we read in Psalm 24:1 owns everything and He tells us to pay a tithe - an exact tenth. It's His! We can't say, "It's mine" because He owns everything. It's all His and He gives man a certain responsibility to pay His tithe for His work and

wisely use the rest. We need to teach our kids this principle of giving. It teaches generosity because that's the reason they've got anything. God has given us the opportunity to work. He has given us a body. He has given us the soil, the grass, the sun and rain to grow what we have and everything we use to earn a living. He has given us the money and the means to live off what He has given to us. Often we grumble because of what He hasn't given us rather than be thankful for what He has given us. Tithing is the first law of financial success.

2) The next principle to financial success is to learn how to budget. The word budget means proportioning your income into a series of categories. The first 10% of your income is God's. The remaining 90% can now be allocated. But how much and what for?

There are two categories into which you must divide your budget. The first area we will call fixed expenses. Fixed expenses are those that come every week or fortnight and will be about the same each time.

Second, there are variable expenses. Include also all your debts and the regular payments you make each pay. Things to include in your budget are rent or mortgage payment, food, petrol, public transport costs, car payment, utilities, life and health insurance, clothing, savings and recreation/spending money.

For utilities and other bills and debt payments divide the payment by the number of pays between payments. Eg. If you have a phone bill each 3 months for around \$120 and you get paid fortnightly then divide \$120 by 6 to find out how much you have to put away each fortnight. In this example you'd need to put away \$20 per fortnightly pay. This budget will tell you exactly how much to put away for each current and upcoming expense, so you will have precisely what you need to pay the bills as they arrive.

3) The next important financial key to help fit in with your budget is developing a savings habit. Contingencies and unexpected bills often come up so it is always good to have enough savings to cover that extra bill you did not anticipate. Even if you are in financial difficulty, try to begin a savings habit. It need not be large at first ,just enough to develop the habit in you. Later, when you have gotten out of trouble you will have established the pattern in your life. Financial experts say a good amount to have as a contingency fund is approximately one month's income.

Proverbs 24:27 teaches us something about saving. "Prepare your work without and make it ready for thee in the field and afterwards build your house." It's very important to get a foundation laid financially before marriage. Study and education is laying the foundation for the procurement of good income from a good job. It's best to acquire that education and those skills during high school

and the years of college or uni immediately following on from that. Then when the foundation is laid of putting away some savings from the first years of working it is time to build a marriage, family and home.

We should teach our kids these principles from an early age with their school work because they're laying a foundation that's going to affect them for the rest of their life. A young boy who's besotted with girls in his teens and stops doing his school work because he can't get his mind off girls is making a big mistake. When he starts to compromise he's making a mistake because if he concentrated on school work and get good results and worked hard he's going to be laying a foundation to procure a good income where he'd be able to get married a lot sooner and have the pleasures of married life a lot sooner than what he would if he didn't spend half his time daydreaming and not producing the goods at school.

"Do what you have to do. O.K., so the teacher's a ratbag. Fine, still do the work. Get that assignment in. There's a lot to do. It's hard. Keep going. It'll soon be all over." Ask anyone in their early 20's and they'll tell you how quickly those high school years went and if they've let down they'll tell you how they'd knuckle down and do a lot better given a second chance. It just snowballs. Every year is precious.

4) Learn to save for big items like a house or a block of land. Why can't a teenager start thinking about saving for a block of land? Why does it always have to be a porsche or a lamborghini or a mustang? A car - it's the worst investment. Have a think about this - a young man if he starts work at 18 and is able to save \$50 a week, in 5 years at age 23 he'd have saved \$12 500. With interest it'd be over \$15 000. Five years might seem like a long time, but it's not. What a great foundation for marriage! Teach your children especially about preparing for the future - striving for a good job and saving.

5) Avoid the pitfalls of easy credit. Credit, in many ways, is like alcohol. It's easy to get hooked on it if it's not used in moderation. Sometimes the only solution for the "credaholic" is to go cold turkey until his financial system has a chance to return to equilibrium.

This, in no way, implies that the use of credit per se is wrong. On the business level, the proper use of credit has significantly facilitated the flow of goods and services. Long-term, low-interest loans have made it possible for individuals to purchase items such as homes and automobiles that would otherwise have required the accumulation of many years of savings. Another credit mechanism, the credit card, has been a tremendous boon to the consumer who is temporarily low on cash. It has eliminated the danger of carrying large amounts of currency - especially during prolonged periods of travel. And credit cards provide a

convenient form of identification when cashing cheques or renting cars. But buying on credit can be a financial curse as well as a convenience, particularly when a person gets behind on his payments.

Credit buying often creates the illusion of prosperity. The small size of the monthly instalment, its delayed arrival at the end of the month and the lack of cash at the time of purchase make the "goodies" of life seem suddenly within reach. This kind of "get now" reasoning is causing millions of families, with otherwise adequate incomes, to spend their paycheques before they even receive them. Just as some think it is impossible to save, some think it is impossible to live without credit cards and accounts. The fact is that you must be capable of getting along without them or you will never enjoy financial happiness.

Despite how much you are presently tied to credit payments you need to start getting away from them. It takes some time to break their stranglehold but it will be worth it to your peace of mind. Remember you can only save so fast so don't let it get you down but on the other hand make sure you have a plan to get yourself out of debt as soon as you reasonably can. Be willing to take the short-term pain of limiting your expenses in a balanced way until you can clear your debts. Solomon wrote, "The rich rules over the poor and the borrower is servant to the lender" (Prov. 22:7).

In some cases today credit buying has almost become a necessity. The principle to follow, however, is that credit purchases should be made for necessities only such as a home. When it comes to purchasing a car try if at all possible to pay for it in cash but if it's required and can't be done without then paying for some or all of it by credit may become a necessity. In general, you shouldn't buy luxuries on credit or other things on credit cards if you can't afford to make the payment by the initial billing period. In other words, don't charge anything that you can't completely pay for when the first bill arrives.

Interest rates are so high on credit cards that you will end up paying much more for the items than if you paid cash. Television sets, electrical appliances and sporting and hobby goods should be paid in cash. It is usually these items that give people trouble in credit buying. It just seems so easy to buy the extras now and delay the payment until later. Don't fall into this trap.

6) Another point is to learn to be a handyman and do jobs around the house. Learn to make things and do repairs and how to cook and grow vegetables. Such skills can help you save a lot of money.

7) Learn to buy quality. Buy that which is reliable rather than that which is attractive and glittery. Buy the best within your price range. When it comes to

buying property buy the most affordable property in a quality area so if you need to ever re-sell you will be able to get the best resale price.

8) Avoid extremes in fashion and be content with what you've got. Don't covet and buy things out of your financial reach. That's the reason why many companies in our western world are going broke. They've overextended themselves and kept pushing their acquisitions right to their credit limits with the major banks. Now the banks are suffering as a result of irresponsibly lending companies beyond what they could possibly afford to pay back to the banks. As individuals with easy credit it's so easy to do exactly the same thing. Have realistic financial plans.

9) Be careful of impulse buying and look for it in yourself and your kids. Don't buy things that you'll later regret you bought. If you feel the urge to buy something impulsively then tell yourself I'll come back in 2 days time. If I still want it after evaluating my finances then I'll buy it. Usually the urge to impulse buy lasts no longer than 24 hours. What's a good trick with little children is to keep a little notebook and take a price down for everytime he says, "Dad, can I have this or that?" After a week or so you can show him and say, "Son, if I bought everything you asked me to buy you this is how much it would have cost me and this is how long you'd have to save for it." Help them to analyze and think these things through.

10) Learn to be generous. God tells us in Proverbs 11:24-25: "There is that which scatters yet increases more and there is that who withholds more than is right but it leads to poverty. The generous soul will be made rich and he who waters will also be watered himself." Some seem to scatter - are generous and give and have a certain outgoing attitude with their money and increase. There are some that are just scroogy. Their whole attitude to life is tight-fisted. We shouldn't be like that. We should give generously with pleasure and not overdo it irresponsibly if we are hardly financial ourselves. Giving sets a cycle in motion where God will help look after you if manage your funds wisely and are generous to others. Develop your own financial base so you are able to give more generously both to the church and to others. As strange as it may seem giving is an important law of financial success.

11) When assessing why you're in financial trouble determine God's reason for your lack of funds. Is it (a) Don't need it (b) God wants to test your faith (c) You haven't asked Him for what you need or want or (d) You've misspent it irresponsibly? Never blame God for what you lack and also don't put God in a financial corner by buying on faith hoping He'll provide for you later if you can avoid it.

12) Treat your money with respect. There are a lot of people who don't respect money and some people can find themselves in the company of people who don't respect the fact that they've worked hard for the past 5 days and they just want to blow it. Little children need to learn that lesson and have the healthy respect and understanding where they, as they grow up don't blow their money on junk things and junk pursuits. Remember each dollar is important. Ben Franklin said, "A small leak can sink a great ship." Each dollar should have a certain respect.

Learn to budget properly, carefully spend your money and not abuse credit and put God first when it comes to your money and you can be a financial winner.